# **FISCAL NOTE**

# SB 1039 - HB 1241

April 4, 2003

**SUMMARY OF BILL:** Empowers the Commissioner of Education to purchase a uniform liability policy for all certified personnel employed in public schools systems. The purchase of such a policy would be based on a procedure requiring competitive proposals and would have to be approved by the Commissioner of Finance and Administration before becoming effective. Local school systems would not be prohibited from purchasing additional or supplemental insurance for certified personnel.

### **ESTIMATED FISCAL IMPACT:**

## **Increase State Expenditures - Exceeds \$1,000,000**

Estimate assumes:

- such insurance would be paid by the state since the Commissioner of Education is empowered to purchase it.
- the cost of such insurance would depend upon the number of certified personnel requiring liability insurance and the cost of insurance per individual. A contracted actuary estimated that rates for a school personnel liability insurance policy (\$1 million limit) would cost between \$18 and \$22 per licensed LEA employee per year.
- in 2002-03 the BEP funded 58,754 certificated positions.
- a uniform liability policy covering this number of teachers would cost between \$1,057,572 and \$1,292,588.

For information purposes, educator groups across the country offer add-on liability insurance policies with different levels of coverage with costs ranging between \$28 to \$99 per year. Licensed school personnel who are members of the Tennessee Education Association get free liability insurance with their membership. The Commissioner of Education is currently empowered to purchase a uniform liability policy covering non-licensed LEA personnel; however, the department does not carry any liability insurance policies.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

James A. Davenport, Executive Director

James a. Don